

JUN 11 1997

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY Kath

In the Matter of the Acquisition of Control of:) Docket No. 97A-072-INS
)
USLIFE CREDIT LIFE INSURANCE)
COMPANY OF ARIZONA (NAIC No. 97438).) **ORDER**
)
Insurer,)
)
by)
)
AMERICAN GENERAL CORPORATION,)
)
Petitioner.)
_____)

On June 6, 1997, the Office of Administrative Hearings, through Administrative Law Judge Lewis D. Kowal, submitted "Recommended Decision of Administrative Law Judge" ("Recommended Decision"), a copy of which is attached and incorporated by this reference. The Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters the following order:

1. The recommended findings of fact and conclusions of law are adopted.
2. The acquisition of control of the Insurer by the Petitioner is approved subject to the express conditions as follows:
 - a. If the completed fingerprint cards furnished to the Department reveal that any of Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations, the individual(s) will be removed as an officer and/or director of the

1 Petitioner within 30 days after notice to Petitioner by the Department and will be replaced with an officer
2 or director acceptable to the Director. If Petitioner fails to take the prescribed action within 30 days, this
3 failure will constitute an immediate danger to the public and the Director immediately may suspend or
4 revoke Insurer's certificate of authority without further proceedings.

5 3. Except as provided below, all information, documents, and copies relating to the
6 Insurer and Petitioner obtained by or disclosed to the Director, or any other person in the course of a
7 filing, an examination or investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be
8 given confidential treatment, will be subject to subpoena and will be made public documents, subject to
9 inspection, examination or copying by any person.

10 4. The Petitioner will advise the Director in writing of the effective date of the change
11 of control.

12 5. Until further notice from the Department, the Insurer will file quarterly financial
13 statements following the effective date of the acquisition.

14 6. The documents identified above in paragraph 6 of the Findings of Fact and
15 Conclusions of Law that Petitioner submitted to the Department will remain confidential pursuant to
16 A.R.S. § 20-481.21.

17 7. Upon consummation of this acquisition, the Insurer will file its registration
18 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.
19 § 20-481.09 or §20-481.13. If the registration statement would duplicate the information previously
20 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03
21 and there have been no material changes since the filing of that statement, then the Insurer will submit a
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23

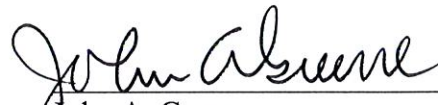
1 statement to that effect incorporating by reference the statement previously filed with the Department in
2 lieu of the registration statement.

3 NOTIFICATION OF RIGHTS

4 The aggrieved party may request a rehearing with respect to this Order by filing a written
5 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth
6 the basis for such relief pursuant to A.A.C. R20-6-114(B).

7 The final decision of the Director may be appealed to the Superior Court of Maricopa
8 County for judicial review pursuant to A.R.S. § 20-166. A party filing an appeal must notify the Office of
9 Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal,
10 pursuant to A.R.S. §41-1092.10.

11 DATED this 11 day of June, 1997

12
13 
14 John A. Greene
Director of Insurance

15 A copy of the foregoing mailed
16 this 11 day of June, 1997

17 Charles R. Cohen, Deputy Director
18 Mary Butterfield, Assistant Director
19 Catherine O'Neil, Assistant Director
20 Gary Torticill, Assistant Director
21 Deloris Williamson, Assistant Director
22 Scott Greenberg, Business Administrator
23 Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, AZ 85018

Office of Administrative Hearings
1700 W. Washington, Suite 602
Phoenix, AZ 85007

1 Steven R. Henry
2 Low & Childers, P.C.
3 2999 N. 44th Street, Suite 250
4 Phoenix, AZ 85018

5 Kathy Linder

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97A-072-INS

RECOMMENDED DECISION OF ADMINISTRATIVE LAW JUDGE

by

Petitioner

APPEARANCES: J. Michael Low on behalf of the Petitioner and Kurt Regner on behalf of the Arizona Department of Insurance.

On May 12, 1997, and June 6, 1997, a hearing took place to consider the application for the acquisition of control of US Life Credit Life Insurance Company of Arizona (the "Insurer"), filed by American General Corporation (the "Petitioner"), with the Arizona Department of Insurance (the "Department"), and for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and A.A.C. R20-6-1402.

Based upon the entire record in this matter, the following recommended Findings of Fact, Conclusions of Law and Recommended Order are made:

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
2. The Petitioner has filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.
3. The Insurer and its security holder waived the ten (10) day advance notice to be given as required by A.R.S. §20-481.07 for the May 12, 1997 hearing . The Insurer and its security holder received notice of the June 6, 1997 hearing.

Office of Administrative Hearings
1700 West Washington, Suite 602
Phoenix, Arizona 85007
(602) 542-9826

1
2 4. No evidence has been produced at the hearing that would indicate or form
3 the basis for a finding that the Petitioner's acquisition of control of the Insurer:

- 4 a. Is contrary to law;
5 b. Is inequitable to the shareholders of any domestic insurer involved;
6 c. Would substantially reduce the security of and service to be rendered to
7 the policyholders of the Insurer in this State or elsewhere;
8 d. After the change of control the Insurer would not be able to satisfy the
9 requirements for the reissuance of a certificate of authority to write the line or lines of
10 insurance for which it is presently licensed;
11 e. The effect of the acquisition of control would be to substantially lessen
12 competition in insurance in this state or tend to create a monopoly;
13 f. The financial condition of any acquiring party might jeopardize the
14 financial stability of the Insurer or prejudice the interest of its policyholders;
15 g. The plans or proposals that the acquiring party has to liquidate the
16 Insurer, sell its assets or consolidate or merge it with any person, or to make any other
17 material change in its business or corporate structure or management, are unfair and
18 unreasonable to policyholders of the Insurer and are not in the public interest;
19 h. The competence, experience and integrity of those persons who would
20 control the operation of the Insurer are such that it would not be in the public interest of
21 policyholders of the Insurer and of the public to permit the merger or other acquisition of
22 control; or
23 i. The acquisition is likely to be hazardous or prejudicial to the insurance-
24 buying public.

25 5. The Petitioner has furnished completed fingerprint cards to the
26 Department to enable the Department to determine if any of Petitioner's officers or
27 directors have been charged with or convicted of a felony or misdemeanor other than
28 minor traffic violations.. The Petitioner has made representations material to the
29 Department that none of its officers or directors have been charged with or convicted of
30 a felony or misdemeanor other than minor traffic violations.

1 6. The Petitioner requested that American General Corporation's disclosure
2 letter (Exhibit 2, Tab 16), US Life Corporation's disclosure letter (Exhibit 2, Tab 17) , the
3 preliminary proxy statement jointly filed by American General Corporation and US Life
4 Corporation (Exhibit 3, Tab 34) Petitioner submitted to the Department remain
5 confidential indefinitely. The Department had no objection to Petitioner's request for
6 confidentiality of those records.

7 7. Except as provided above, the interests of policyholders, shareholders or
8 the public will be served by the publication of all information, documents and copies,
9 relating to the Insurer and Petitioner, and obtained by or disclosed to the Director, or
10 any other person in the course of a filing, an examination, or investigation made
11 pursuant to A.R.S. §§20-481.03, 20-481.10 and 20-481.20.

12 8. Based upon its review of the Petitioner's Form A filing (Exhibits 1, 2 & 3),
13 the Department recommended approval of this acquisition.

14 **RECOMMENDED ORDER**

15 The undersigned Administrative Law Judge recommends that:

16 1. The acquisition of control of the Insurer by the Petitioner be approved
17 subject to the express conditions as follows:

18 a. If the completed fingerprint cards furnished to the Department reveal that
19 any of Petitioner's officers or directors have been charged with or convicted of a felony
20 or misdemeanor other than minor traffic violations, the individual(s) shall be removed as
21 an officer and/or director of the Petitioner within 30 days after notice to Petitioner by the
22 Department and shall be replaced with an officer or director acceptable to the Director.
23 If Petitioner fails to take the prescribed action within 30 days, this failure will constitute
24 an immediate danger to the public and the Director immediately may suspend or revoke
25 Insurer's certificate of authority without further proceedings.

26 2. Except as provided below, all information, documents, and copies relating
27 to the Insurer and Petitioner obtained by or disclosed to the Director, or any other
28 person in the course of a filing, an examination or investigation made pursuant to
29 A.R.S. §§20-481.03 and 20-481.20, not be given confidential treatment, be subject to
30 subpoena and shall be made public documents, subject to inspection, examination or

1 copying by any person.


2 3. The Petitioner shall advise the Director in writing of the effective date of
3 the change of control.

4 4. Until further notice from the Department, the Insurer shall file quarterly
5 financial statements following the effective date of the acquisition.

6 5. The documents identified above in paragraph 6 of the Findings of Fact
7 and Conclusions of Law that Petitioner submitted to the Department shall remain
8 confidential pursuant to A.R.S. §20-481.21.

9 6. Upon consummation of this acquisition, the Insurer shall file its registration
10 statement in the form prescribed by A.R.S. §20-481.10 and within the time period
11 prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement would
12 duplicate the information previously submitted by the Petitioner in the statement filed
13 with the Department pursuant to A.R.S. §20-481.03 and there have been no material
14 changes since the filing of that statement, then the Insurer shall submit a statement to
15 that effect incorporating by reference the statement previously filed with the Department
16 in lieu of the registration statement.

17 Done this day, June 6, 1997.

18
19 
20 LEWIS D. KOWAL
21 Administrative Law Judge

22
23 Original transmitted by mail this
24 6 day of June, 1997, to:

25 Mr. John A. Greene, Director
26 ATTN: Curvey Burton
27 Department of Insurance
28 2910 North 44th Street, #210
29 Phoenix, AZ 85018-7256

30 By 